

RECORD FOR CATEGORICAL EXCLUSION
CX-NM-060-02-0034
SERIAL NO.: NM 105301

BLM Office: Roswell Field Office

Proposed Action Title/Type: Buried Pipeline Right-of-Way

Location of Proposed Action:

T. 8 S., R. 26 E., NMPM
Section 33: Lot 33: S1/2S1/2;
Section 34: SW1/4SW1/4.
T. 9 S., R. 26 E., NMPM
Section 3: Lot 4, SE1/4SW1/4, W1/2SW1/4.

DESCRIPTION OF PROPOSED ACTION: Eland Energy Inc. proposes to authorize, operate and maintain a and existing off lease road that would access the Eland Fed. 1 X No.3 Well (695' FSL & 745' FWL) in Section 3, T. 9 S., R. 26 E. No new road construction is required for this well. The well pad extends over the travelway of the existing road. The existing road would be rerouted around the east side of the well pad until the drilling phase is completed, then the road would be realigned to its original alignment. The existing road is approximately 21,900 feet in length, beginning from the Magdalena County road to the proposed well pad. The existing road would access the southeastern corner of the proposed well pad. Of the 21,900 feet, all is existing road and 11,616 feet (2.200 miles, 8.000 acres) would cross public lands. The road would have a driving surface (travelway) of 14 feet, with a maximum 30-foot wide surface disturbance area for the road construction. The proposed access road would be constructed and maintained in accordance with the New Mexico Road Policy. Right-Of-Way NM 105301 for an off lease access road has been filed will be approved concurrent with the APD.

PART I: PLAN CONFORMANCE REVIEW.

The purposed action is in conformance with the approved Roswell Resource Management Plan (RMP), and is consistent with Bureau policy and guidance.

PART II: NEPA REVIEW

This proposed action qualifies as a categorical exclusion under 516 DM 6, Appendix 5.4, E (16). The proposed action has been reviewed and determined that none of the exceptions described in 516 DM 2, Appendix 2, apply.

Prepared by:

/s/ Irene Gonzales-Salas _____ 2-12-02
Irene Gonzales-Salas, Realty Specialist Date

I Concur:

/s/ Pat Flanary _____ 2-12-02
Natural Resources Specialist Date
III. DECISION.

I have reviewed this plan conformance and NEPA compliance record and have determined that the proposed project is in conformance with existing Bureau policy and guidance and that no further environmental analysis is required. It is my decision to allow the right-of-way as described, for 30 years, with an option to renew, under the authority of the 1920 Mineral Leasing Act as amended and conditions in 43 CFR 2880; and the attached standard and the Standard Stipulations for Oil and Gas Related Site, Access Road and Buried Pipelines in the Roswell Field Office, BLM.

Compliance and Monitoring: The construction phase of this proposed action and subsequent operational phases will be monitored as per regulation.

/s/ Larry D. Bray _____ 2/12/02
Assistance Field Manager Date
Lands and Minerals

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER NM 105301

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).

2. Nature of Interest:

a. By this instrument, the holder:

Eland Energy, Inc.
8150 N. Central Expressway, No. 400
Dallas, TX 75206

receives a right to construct, operate, maintain, and terminate an existing off lease access on public lands described as follows:

T. 8 S., R. 26 E., NMPM
Section 33: Lot 33: S1/2S1/2;
Section 34: SW1/4SW1/4.
T. 9 S., R. 26 E., NMPM
Section 3: Lot 4, SE1/4SW1/4, W1/2SW1/4.

b. The right-of-way or permit area granted herein is 30 feet wide, 11,616 feet long and contains 8.000 acres, more or less. If a site type facility, the facility contains _____ acres.

c. This instrument shall terminate on _____, 30 years from the effective date of the grant, unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.

d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.

e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the

provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibit A, B and C, dated November 26, 2001, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

(Signature of Holder)

(Title)

(Date)

(Signature of
Authorized Officer)

(Title)

(Effective Date
of Grant)

BLM Serial Number: NM 105301

Company Reference: Eland Federal 1 X No. 3 Well Off Lease Road

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
THE ROSWELL DISTRICT, BLM

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 12 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 24 feet.

☐ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING.

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

☐ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

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/ / Flat-blading is authorized on segment(s) delineated on the attached
map.

November 26, 2001, Exhibit A, page 1 of 4

3. DRAINAGE.

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES	
Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

/ / 400 foot intervals.

/ / ____ foot intervals.

/ / locations staked in the field as per spacing intervals above.

/ / locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

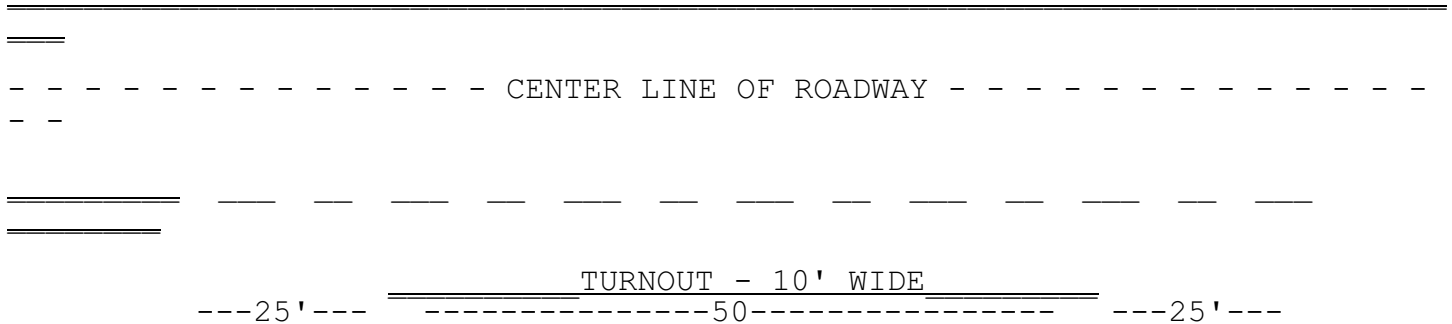
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = 400 + 100 = 200 feet

4. TURNOUTS.

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING.

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

6. CATTLEGUARDS.

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE.

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS.

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

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9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS:

BLM Serial Number: NM 105301

Access Road Company Reference: Eland Fed.1 X No. Well Off Lease

ROAD REHABILITATION SPECIFICATIONS

35. When the road is abandoned, it will be ripped at least sixteen inches deep, including turnouts. The caliche may be reclaimed for re-use before ripping, if so desired. Alternately, the caliche can be plowed under with a grader, or other soil turning device, and the plowed surface disked before seeding. All culverts or other structures will be removed. All fill material will be replaced into the cut areas; barrow and lead-off ditches, drainage dips, or other erosion control earthwork will be filled or smoothed; and the abandoned road returned to the natural contours, as closely as possible. Water breaks at least eight inches high will be constructed as shown on accompanying Illustration Sheet. Traffic barriers will be installed at all vehicular access points to prevent further use of the road.

Reseed the entire area with the following mixture (to be determined by DPC):

_____.

All disturbed areas are to be seeded with the seed mixture listed above. The seed and any fertilizer involved are to be applied together by broadcasting with a seed spreader, then harrowed for seed coverage. Use of a seed drill is acceptable. Appropriate measures will be taken to ensure that the seed/fertilizer mixture is evenly and uniformly planted. There will be no primary or secondary noxious weeds in the seed mixture. Seed will be tested for viability and purity in accordance with State law(s) within nine months prior to purchase. Commercial seed will be either certified or registered and the seed mixture container will be tagged in accordance with State law(s). The seed will be available for inspection by the Authorized Officer. The seeding will be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth will not be made before completion of the first growing season after seeding. Waiver of this requirement would be considered if diligent attempts to revegetate a site have failed and the Authorized Officer determines that further attempts would be futile.

Normally, the best time for seeding is between June 15 and September 15. However, the grantee may reseed immediately after completing surface abandonment procedures. The BLM reserves the right to require reseeding at a specific time if seed does not germinate after one complete growing season. Contact the appropriate field office at 627-0272 at least two working days before the start of reseeding activities or if there are any questions.

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